Message Text

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TAGS: ECIN, BO, CO, EC, PE, VE
SUBJ: ANDEAN PACT OFFICIALS OPTIMISTIC ON ADOPTION OF
AUTOMOTIVE SECTORAL PROGRAM IN JULY

REF: LIMA 3813

SUMMARY: ANDEAN PACT OFFICIALS RECENTLY RETURNED FROM AN INFORMAL COMMISSION MEETING IN CARACAS HAVE PUBLICLY STATED THAT AGREEMENTS REACHED THERE WILL PERMIT ADOPTION OF THE AUTOMOTIVE SECTORAL PROGRAM IN MID-JULY. THEIR STATEMENTS INDICATE THE FINAL PROGRAM WILL EMPHASIZE COMPLEMENTATION AGREEMENTS. END SUMMARY.

1. MEMBERS OF THE ANDEAN PACT COMMISSION AND JUNTA HAVE RECENTLY COMPLETED A SERIES OF INFORMAL, CLOSED MEETINGS IN CARACAS IN AN EFFORT TO REACH AGREEMENTS THAT WILL ALLOW THE PROMPT ADOPTION OF THE IMPORTANT, BUT LONG-DELAYED AUTOMOTIVE SECTORAL PROGRAM. THERE IS NO PRECEDENT FOR THE COMMISSION AND JUNTA NUMBERS TO MEET UNOFFICIALLY IN THIS MANNER FOR SUBSTANTIVE TECHNICAL DISCUSSION WITHOUT FULL STAFF SUPPORT. THE PURPOSE UNCLASSIFIED

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OF THE MEETING WAS TO ALLOW THE POLICY-MAKERS TO ACCHIEVE INFORMAL AGREEMENT BEGORE THEY ARE FORMALLY SEIXED WITH A NEW DRAFT SECTORAL PROGRAM PREPAPRED BY THE JUNTA. STATEMENTS BY PARTTICIPANTS ON THEIR RETURN HERE AND PRESS CLIPS FROM CARACAS IND ICATE TGE GROUP ATTAINED A SATISFACTORY CONSENSUS.

2. PERUVIAN INTEGRATION MINISTER RAFAEL DURAY REY IN AN AIRPORT

ARRIVAL STATEMENT INDICATED THAT THE JUNTA HAD BEEN DIRECTED TO PREPARE A NEW DRAFT AUTOMOTIVE SECTORAL PROGRAM BASED ON THE CARACAS DISCUSSIONS. THIS DRAFT WOULD BE FORMALLY PRESENTED TO THE COMMISSION IN THE NEXT EXTRAORDINARY SESSION NOW SLATED FOR JUNE 21 AND FORMALLY ADOPTED BY THE COMMISSION AT THE ORDINARY SESSION DUE TO BE HELD IN QUITO BEGINNING JULY 11.

- 3. JUNTA MEMBER LUIS BARANDIAN PAGADOR'S REPORTED REMARKS TO THE BUSINESS INTERNATIONAL ROUNDTABLE MEETING IN LIMA CONFIRMED THAT SUBSTANCIAL AGREEMENT HAD BEEN REACHED IN CARACAS. IN ADDITION, HE INDICATED THAT THE NEW DRAFT PROGRAM WILL EMPHASIZE A SERIES OF COMPLEMENTATION AGREEMENTS AMONG THE MEMBER COUNTRIES. BARANDIARAN PREDICTED THIS ARRANGEMENT WOULD RESULT IN INTRA-REGIONAL AUTOMOTIVE SALES OF TWO BILLION DOLLARS BY 1980 AND THAT THE NECESSARY SPECIALIZATION WOULD RESULT IN THE CREATION OF NEW PRODUCTIVE CAPACITY THAT WOULD AMOUNT TO AN INDUSTRIAL REVOLUTION IN THE REGION.
- 4. COMMENT: THESE OPTIMISTIC PUBLIC STATEMENTS BY RANKING OFFICIALS CONFIRM INFORMAL PREDICTIONS MADE PRIVATELY BY JUNTA STAFF MEMBERS THAT THE NEW AUTOMOTIVE PROGRAM WOULD BE ADOPTED CLOSE TO THE JUNE GOAL. STAFF SOURCES HAVE ALSO INDICATED THAT THE NEW PROGRAM WILL GET AWAY FROM THE PRESENT DISPUTE OVER WHICH COUNTRY WILL BE AUTHORIZED TO ASSEMBLE WHICH IMPORTED KITS AND MOVE TOWARD AN ARRANGEMENT WHEREBY EACH COUNTRY WILL SPECIALIZE IN PRODUCING PARTS FOR USE IN ASSEMBLY THROUGHOUT THE ANCOM. DEAN

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